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Message Text

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ACTION EB-08

INFO OCT-01 EUR-12 NEA-10 ISO-00 INT-05 AID-05 CIAE-00
COME-00 FRB-03 INR-10 NSAE-00 USIA-06 TRSE-00
XMB-02 OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 /073 W
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FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 9710
INFO USDOC WASHDC
AMEMBASSY TEHRAN
AMEMBASSY PARIS
AMCONSUL BOMBAY

AMCONSUL CALCUTTA
AMCONSUL MADRAS
AMEMBASSY MOSCOW

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E.O. 11652: N/A
TAGS: EMIN, IN
SUBJECT: EAST COAST BAUXITE/ALUMINA/ALUMINUM PROJECTS

REF: MEMCON NOV. 18, 1977- EAST COAST BAUXITE DEVELOPMENTS
NEW DELHI 7925, 8/23/77

1. FOLLOWING DISCUSSIONS FOR PAST SEVERAL MONTHS WITH A NUMBER OF INTERNATIONAL ALUMINUM COMPANIES, THE PUBLIC SECTOR BHARAT ALUMINUM COMPANY (BALCO) SIGNED AN AGREEMENT ON FEBRUARY 17, 1978 WITH PECHINEY (FRANCE) TO UNDERTAKE A FEASIBILITY STUDY AS A PRELUDE TO SETTING UP AN ALUMINA/ALUMINUM COMPLEX IN ORISSA.

2. SUBJECT TO THE FEASIBILITY STUDY TO BE COMPLETED BY MARCH
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END 1979, BALCO IN COLLABORATION WITH AN INTERNATIONAL ALUMINUM COMPANY, (POSSIBLY PECHINEY) IS TO ESTABLISH A 600,000 TO 800,000 METRIC TONS (MT) PER ANNUM ALUMINA PLANT AND A 150,000 MT PER ANNUM

ALUMINUM SMELTER, MOST PROBABLY IN KORAPUT DISTRICT IN SOUTHER ORISSA.

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3. DURING COURSE OF STUDY PECHINEY IS TO ORGANIZE A CON-
SORTIUM TO FINANCE PROJECT AND TO ARRANGE MARKETING OF THE EXCESS
ALUMINA OF RANGING FROM 300,000- 500,000 MT PER ANNUM DEPENDING ON
SIZE OF PLANT.

4. ESTIMATED COST OF PROJECT, EXCLUDING CAPTIVE POWER PLANT AND
A CHLORINE UTILIZATION PLANT, IS IN NEIGHBORHOOD OF RS-4.5 BILLION
(DOLLARS 550 MILLION) GOI IS HOPEUFL THAT IRAN WILL
BE WILLING TO CONSIDER LENDING FINANCIAL ASSISTANCE TO PROJECT
IN RETURN FOR ALUMINA TO FEED PROPOSED SMELTER TO BE SET UP IN
PERSIAN GULF. IF PROVED TO BE COMMERCIALLY VIABLE, THERE IS
POSSIBILITY OF USING RUPEES GENERATED FROM "OIL CREDIT" TO HELP
FINANCE SUCH A PROJECT. IN MEANTIME, IRAN IS DISCUSSING WITH
INDIAN ALUMINUM COMPANY (55 PERCENT ALCAN) THE PROSPECTS OF
SUPPLYING ALUMINA FROM WEST COAST TO MEET REQUIREMENTS OF ARAK
SMELTER NOW UNDERGOING EXPANSION FROM 45,000 MT TO 120,000 MT,
ACCORDING TO IRANIAN EMBASSY OFFICIAL.

5. SOVIETS ARE ALSO UNDERTAKING A FEASIBILITY STUDY FOR SETTING
UP A 600,000 MT PER ANNUM ALUMINA PLANT IN ANDHRA PRADESH.

THIS IS BASED ON PROTOCOL SIGNED BETWEEN BALCO AND A SOVIET TEAM
ON 11/11/77. THE GOI WILL DETERMINE THE VIABILITY OF THE PROJECT
ON EVALUATION OF THE SOVIET REPORT. WE HAVE BEEN TOLD THAT NO
FINANCIAL COMMITMENT WAS MADE BY SOVIETS AT TIME OF PROTOCOL
SIGNING, BUT THAT GOI WOULD NEED ASSURANCE OF PROJECT FINANCING
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AND MARKETING OF END PRODUCT IN ORDER TO IMPLEMENT PROJECT.
MEETINGS ARE NOW GOING ON BETWEEN BALCO AND SOVIET TEAM REGARDING
PROJECT. EMBASSY WILL REPORT OUTCOME OF THESE MEETINGS AS
INFORMATION BECOMES AVAILABLE.

DECLASSIFY UPON ARRIVAL
GOHEEN

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
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Current Classification: UNCLASSIFIED
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Copy: SINGLE
Draft Date: 23 feb 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
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Disposition Case Number: n/a
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ISecure: 1
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